

ASSEMBLY BILL

No. 1446

Introduced by Assembly Member Feuer

January 4, 2012

An act to amend Section 130350.5 of, and to add Section 130350.6 to, the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1446, as introduced, Feuer. Los Angeles County Metropolitan Transportation Authority: transactions and use tax.

Existing law authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose, in addition to any other tax that it is authorized to impose, a transactions and use tax at a rate of 0.5% for not more than 30 years for the funding of specified transportation-related purposes pursuant to an adopted expenditure plan, subject to voter approval.

This bill would authorize MTA to impose that transactions and use tax for an additional unspecified number of years subject to voter approval. The bill would require MTA to secure bonded indebtedness payable from the proceeds of the extension and would require that the proceeds from those bonds be used to accelerate the completion of specified projects and programs. The bill would require MTA to amend the expenditure plan in a specified manner and would make other related conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares all of
2 the following:

3 (a) Section 130350.5 of the Public Utilities Code authorizes the
4 Los Angeles County Metropolitan Transportation Authority (MTA)
5 to propose for voter approval a 30-year $\frac{1}{2}$ cent sales and use tax
6 dedicated to the construction and operation of transportation-related
7 projects, to be enumerated in a local ballot measure. In November
8 2008, more than 67 percent of Los Angeles County voters approved
9 this tax pursuant a ballot measure known as Measure R.

10 (b) The Measure R transit, highway, and other transportation
11 projects became part of the MTA's Long Range Transportation
12 Plan, along with an expenditure plan that spread the costs and
13 construction of the Measure R projects over the 30-year duration
14 of the $\frac{1}{2}$ cent sales and use tax.

15 (c) Since 2008, the nation and the State of California have
16 plunged into a recession. In Los Angeles County, 336,000 jobs
17 have been lost since 2007. An estimated 582,900 people were
18 unemployed in Los Angeles County as of October 2011. The
19 construction industry has been hit particularly hard: more than
20 53,300 construction jobs have been lost since 2007, and some
21 estimates put the percentage of area construction workers who are
22 out of work as high as 40 percent.

23 (d) Traffic congestion is increasing throughout Los Angeles
24 County, and new, environmentally sound transit options are
25 desperately needed as alternatives to private vehicle trips and the
26 economic, environmental, and health impacts that result from them.

27 (e) Efforts to expedite the construction of the Measure R transit
28 projects from 30 years to 10 years by obtaining federal loans
29 secured by Measure R revenues have not yet been successful.

30 (f) Therefore, the Legislature intends to authorize the MTA to
31 seek voter approval to extend the length of the Measure R sales
32 and use tax authorization from 30 years to ____ years in order to
33 allow the MTA to bond against the proceeds from the extension
34 and build the Measure R transit projects much sooner than
35 originally contemplated without relying on federal or state funding.
36 Providing for this sales and use tax extension and accelerated
37 completion of the Measure R transit projects would create more

1 than 160,00 desperately needed jobs and dramatically improve the
2 economy, environment, and public health of Los Angeles County.

3 SEC. 2. Section 130350.5 of the Public Utilities Code is
4 amended to read:

5 130350.5. (a) In addition to any other tax that it is authorized
6 by law to impose, the Los Angeles County Metropolitan
7 Transportation Authority (MTA) may impose, in compliance with
8 subdivision (b) *and Section 130350.6*, a transactions and use tax
9 at a rate of 0.5 percent that is applicable in the incorporated and
10 unincorporated areas of the county.

11 (b) For purposes of the taxing authority set forth in subdivision
12 (a), all of the following apply:

13 (1) The tax shall be proposed in a transactions and use tax
14 ordinance, that conforms with Chapter 2 (commencing with Section
15 7261) to Chapter 4 (commencing with Section 7275), inclusive,
16 of the Transactions and Use Tax Law (Part 1.6 (commencing with
17 Section 7251) of Division 2 of the Revenue and Taxation Code),
18 and that is approved by a majority of the entire membership of the
19 authority.

20 (2) The tax may be imposed only if the proposing ordinance is
21 approved by two-thirds of the voters, in the manner as otherwise
22 required by law, voting on this measure, in an election held on
23 November 4, 2008, or at a subsequent election and, if so approved,
24 shall become operative as provided in Section 130352.

25 (3) The proposing ordinance shall specify, in addition to the
26 rate of tax and other matters as required by the Transactions and
27 Use Tax Law, that the tax is to be imposed for a period not to
28 exceed 30 years and the net revenues derived from the tax are to
29 be administered by the MTA as provided in this section. Net
30 revenues shall be defined as all revenues derived from the tax less
31 any refunds, costs of administration by the State Board of
32 Equalization, and costs of administration by the MTA. Such costs
33 of administration by the MTA shall not exceed one and one-half
34 percent (1.5%) of the revenues derived from the tax. The MTA
35 shall, during the period in which the ordinance is operative, *except*
36 *for the extension period authorized by Section 130350.6*, allocate
37 20 percent of all net revenues derived from the tax for bus
38 operations to all eligible and included municipal transit operators
39 in the County of Los Angeles and to the MTA, in accordance with
40 Section 99285. However, the allocations to the MTA and eligible

1 and included municipal operators shall be made solely from
2 revenues derived from a tax imposed pursuant to this section, and
3 not from local discretionary sources. Funds allocated by MTA to
4 itself pursuant to this section shall be used for transit operations
5 and shall not supplant funds from any other source allocated by
6 MTA to itself for public transit operations. Funds allocated by
7 MTA to the eligible and included municipal operators pursuant to
8 this section shall be used for transit operations and shall not
9 supplant any funds authorized by other provisions of law and
10 allocated by MTA to the eligible and included municipal operators
11 for public transit. In addition to this amount, the MTA shall allocate
12 5 percent of all net revenues derived from the tax, *except for those*
13 *derived from the extension authorized by Section 130350.6*, for
14 rail operations. The MTA shall include the projects and programs
15 described in subparagraphs (A) and (B) in the expenditure plan
16 required under subdivision (f). The MTA shall include all projects
17 and programs described in the expenditure plan required under
18 subdivision (f) in its Long Range Transportation Plan (LRTP).
19 The priorities for projects and programs described in subparagraphs
20 (A) and (B) and in the expenditure plan required under subdivision
21 (f) shall be those set forth in the expenditure plan. The funding
22 amounts specified in subparagraphs (A) and (B) are minimum
23 amounts that shall be allocated by the MTA from the net revenues
24 derived from a tax imposed pursuant to this section. Nothing in
25 this section prohibits the MTA from allocating additional net
26 revenues derived from the tax to these projects and programs.

27 (A) Capital Projects.

28 (i) Exposition Boulevard Light Rail Transit Project from
29 downtown Los Angeles to Santa Monica. The sum of nine hundred
30 twenty-five million dollars (\$925,000,000).

31 (ii) Crenshaw Transit Corridor from Wilshire Boulevard to Los
32 Angeles International Airport along Crenshaw Boulevard. The
33 sum of two hundred thirty-five million five hundred thousand
34 dollars (\$235,500,000).

35 (iii) San Fernando Valley North-South Rapidways. The sum of
36 one hundred million five hundred thousand dollars (\$100,500,000).

37 (iv) Metro Gold Line (Pasadena to Claremont) Light Rail Transit
38 Extension. The sum of seven hundred thirty-five million dollars
39 (\$735,000,000).

1 (v) Metro Regional Connector. The sum of one hundred sixty
2 million dollars (\$160,000,000).

3 (vi) Metro Westside Subway Extension. The sum of nine
4 hundred million dollars (\$900,000,000).

5 (vii) State Highway Route 5 Carmenita Road Interchange
6 Improvement. The sum of one hundred thirty-eight million dollars
7 (\$138,000,000).

8 (viii) State Highway Route 5 Capacity Enhancement (State
9 Highway Route 134 to State Highway Route 170, including access
10 improvement for Empire Avenue). The sum of two hundred
11 seventy-one million five hundred thousand dollars (\$271,500,000).

12 (ix) State Highway Route 5 Capacity Enhancement (State
13 Highway Route 605 to the Orange County line, including
14 improvements to the Valley View Interchange). The sum of two
15 hundred sixty-four million eight hundred thousand dollars
16 (\$264,800,000).

17 (x) State Highway Route 5/State Highway Route 14 Capacity
18 Enhancement. The sum of ninety million eight hundred thousand
19 dollars (\$90,800,000).

20 (xi) Capital Project Contingency Fund. The sum of one hundred
21 seventy-three million dollars (\$173,000,000).

22 (B) Capital Programs.

23 (i) Alameda Corridor East Grade Separations. The sum of two
24 hundred million dollars (\$200,000,000).

25 (ii) MTA and Municipal Regional Clean Fuel Bus Capital
26 (Facilities and Rolling Stock). The sum of one hundred fifty million
27 dollars (\$150,000,000).

28 (iii) Countywide Soundwall Construction (MTA Regional List
29 and Monterey Park/State Highway Route 60). The sum of two
30 hundred fifty million dollars (\$250,000,000).

31 (iv) Local return for major street resurfacing, rehabilitation, and
32 reconstruction. The sum of two hundred fifty million dollars
33 (\$250,000,000).

34 (v) Metrolink Capital Improvements. The sum of seventy million
35 dollars (\$70,000,000).

36 (vi) Eastside Light Rail Access. The sum of thirty million dollars
37 (\$30,000,000).

38 (c) The MTA may incur bonded indebtedness payable from the
39 proceeds of the tax provided by this section pursuant to the bond
40 issuance provisions of Section 130500 et seq. of the Public Utilities

1 Code, and any successor act. The MTA shall include in the
2 expenditure plan, required under subdivision (f), the amount of
3 net revenue specified for all projects and programs in
4 subparagraphs (A) and (B) of paragraph (3) of subdivision (b) as
5 a condition of the use and expenditure of the proceeds of the tax.
6 The MTA shall maintain the current amount of any funding for
7 the projects and programs specified in this section that has been
8 previously programmed or received from sources other than the
9 proceeds of the tax, and may not reallocate money that has been
10 previously programmed or received for those projects and programs
11 to other projects or uses.

12 (d) Notwithstanding Section 7251.1 of the Revenue and Taxation
13 Code, the tax rate authorized by this section shall not be considered
14 for purposes of the combined rate limit established by that section.

15 (e) A jurisdiction or recipient is eligible to receive funds from
16 the local return program, described in clause (iv) of subparagraph
17 (B) of paragraph (3) of subdivision (b) *of this section and in*
18 *subparagraph (I) of paragraph (2) of subdivision (b) of Section*
19 *130350.6*, only if it continues to contribute to that program an
20 amount that is equal to its existing commitment of local funds or
21 other available funds. The MTA may develop guidelines that, at
22 a minimum, specify maintenance of effort requirements for the
23 local return program, matching funds, and administrative
24 requirements for the recipients of revenue derived from the tax.

25 (f) Prior to submitting the ordinance to the voters, the MTA
26 shall adopt an expenditure plan for the net revenues derived from
27 the tax. The expenditure plan shall include, in addition to other
28 projects and programs identified by the MTA, the specified projects
29 and programs listed in paragraph (3) of subdivision (b), the
30 estimated total cost for each project and program, funds other than
31 the tax revenues that the MTA anticipates will be expended on the
32 projects and programs, and the schedule during which the MTA
33 anticipates funds will be available for each project and program.
34 The MTA shall also identify in its expenditure plan the expected
35 completion dates for each project described in subparagraph (A)
36 of paragraph (3) of subdivision (b). To be eligible to receive
37 revenues derived from the tax, an agency sponsoring a capital
38 project or capital program shall submit to the MTA an expenditure
39 plan for its project or program containing the same elements as

1 the expenditure plan that MTA is required by this subdivision to
2 prepare.

3 (g) The MTA shall establish and administer a sales tax revenue
4 fund. The net revenue derived from the tax, after payment of any
5 debt services and related obligations, shall be credited to this fund.
6 The moneys in the fund shall be available to the MTA to meet
7 expenditure and cashflow needs of the projects and programs
8 described in the expenditure plan required under subdivision (f).
9 In the event that there are net revenues in excess of the amount
10 necessary to provide the amount of net revenues specified in the
11 expenditure plan for the projects and programs described therein,
12 the MTA may expend the excess net revenues on projects and
13 programs in the expenditure plan or the LRTP. In the event that
14 projects and programs in the expenditure plan are completed
15 without the expenditure of the amount of net revenues specified,
16 the MTA shall expend the excess net revenues on projects and
17 programs in the expenditure plan or the LRTP within the same
18 subregion as the project or program that is completed. For the
19 purposes of this section, "subregion" shall be defined in the LRTP.

20 (h) If other funds become available and are allocated to provide
21 all or a portion of the amount of net revenues specified in the
22 expenditure plan for the projects or programs described therein,
23 the MTA may expend the surplus net revenues on other projects
24 and programs in the expenditure plan or the LRTP.

25 (i) (1) Notwithstanding subdivision (h), if a capital project or
26 capital program described in clauses (i) to (x), inclusive, of
27 subparagraph (A) of paragraph (3) of subdivision (b) and clauses
28 (i) and (vi) of subparagraph (B) of paragraph (3) of subdivision
29 (b), has been fully funded from other sources on or before
30 December 31, 2008, the funds designated to the project or program
31 in clauses (i) to (x), inclusive, of subparagraph (A) of paragraph
32 (3) of subdivision (b) and clauses (i) and (vi) of subparagraph (B)
33 of paragraph (3) of subdivision (b) shall remain in the subregion
34 in which the project or program is located and shall be allocated
35 to other projects or programs in the subregion prior to the
36 expiration of the tax.

37 (2) A capital project or capital program funded with reallocated
38 funds pursuant to paragraph (1) shall be included in the adopted
39 2008 Long Range Transportation Plan or the successor plan and
40 shall be of regional significance as determined by the MTA. For

1 purposes of this subdivision, “subregions” means the subregions
2 as defined in the LRTP in effect as of January 1, 2008.

3 (j) Notwithstanding Section 130354, revenues raised under this
4 section *and Section 130350.6* may be used to facilitate the
5 transportation of people and goods within Los Angeles County.
6 The use of the revenues shall not be limited to public transit
7 purposes.

8 (k) No later than 365 days prior to the adoption of an amendment
9 described in paragraph (1) to an expenditure plan adopted pursuant
10 to subdivision (f), including, but not limited to, the expenditure
11 plan adopted by the MTA board as “Attachment A” in Ordinance
12 #08-01 adopted by the board on July 24, 2008, and in addition to
13 any other notice requirements in the proposing ordinance, the board
14 shall notify the Members of the Legislature representing the County
15 of Los Angeles of all of the following:

16 (1) A description of the proposed amendments to the adopted
17 expenditure plan that would do any of the following:

18 (A) Affect the amount of net revenues derived from the tax
19 imposed pursuant to this act that is proposed to be expended on a
20 capital project or projects identified in the adopted expenditure
21 plan.

22 (B) Delay the schedule for the availability of funds proposed
23 to be expended on a capital project or projects identified in the
24 adopted expenditure plan.

25 (C) Delay the schedule for the estimated or expected completion
26 date of a capital project or projects identified in the adopted
27 expenditure plan.

28 (2) The reason for the proposed amendment.

29 (3) The estimated impact the proposed amendment will have
30 on the schedule, cost, scope, or timely availability of funding for
31 the capital project or projects contained in the adopted expenditure
32 plan.

33 (l) The notification required pursuant to subdivision (k) shall
34 be achieved by resolution adopted by the MTA board.

35 (m) The MTA board shall provide prior written notice to the
36 Members of the Legislature representing the County of Los
37 Angeles of any proposed amendments to the adopted expenditure
38 plan that would accelerate funding for a capital project or projects
39 in the adopted expenditure plan.

1 SEC. 3. Section 130350.6 is added to the Public Utilities Code,
2 to read:

3 130350.6. (a) The tax authorized by Section 130350.5 may
4 be extended for an additional ____ years beyond the 30-year period
5 set forth in paragraph (3) of subdivision (b) of Section 130350.5.
6 This extension shall be proposed in a transactions and use tax
7 ordinance, or an amendment of the ordinance approved pursuant
8 to paragraph (1) of subdivision (b) of Section 130350.5, that
9 conforms with Chapter 2 (commencing with Section 7261) to
10 Chapter 4 (commencing with Section 7275), inclusive, of the
11 Transactions and Use Tax Law (Part 1.6 (commencing with Section
12 7251) of Division 2 of the Revenue and Taxation Code), and that
13 is approved by a majority of the entire membership of the authority.
14 The tax may be extended pursuant to this section only if the
15 proposing ordinance, or amendment thereof, is approved by
16 two-thirds of the voters, in the manner as otherwise required by
17 law, voting on this measure, in a special or general election and,
18 if so approved, shall become operative as provided in Section
19 130352. The proposing ordinance shall specify that the net revenues
20 derived from the tax extension are to be administered by the MTA
21 as provided in this section. Net revenues shall be defined as all
22 revenues derived from the tax less any refunds, costs of
23 administration by the State Board of Equalization, and costs of
24 administration by the MTA. Such costs of administration by the
25 MTA shall not exceed 1.5 percent of the revenues derived from
26 the tax extension.

27 (b) (1) The MTA shall incur bonded indebtedness payable from
28 the proceeds of the tax extension authorized by this section
29 pursuant to the bond issuance provisions of this chapter, and any
30 successor act. Proceeds from those bonds shall be used to accelerate
31 the completion of the following projects and programs:

32 (A) Green Line Extension to the Los Angeles International
33 Airport.

34 (B) Green Line Extension: Redondo Beach Station to South
35 Bay Corridor.

36 (C) Metro Gold Line (Pasadena to Claremont) Light Rail Transit
37 Extension.

38 (D) Exposition Boulevard Light Rail Transit Project from
39 downtown Los Angeles to Santa Monica.

- 1 (E) Crenshaw Transit Corridor from Wilshire Boulevard to Los
2 Angeles International Airport along Crenshaw Boulevard.
3 (F) San Fernando Valley North-South Rapidways.
4 (G) San Fernando Valley I-405 Corridor Connection.
5 (H) Metro Regional Connector.
6 (I) Metro Westside Subway Extension.
7 (J) Alameda Corridor East Grade Separations.
8 (K) West Santa Ana Branch Corridor.
9 (L) MTA and Municipal Regional Clean Fuel Bus Capital
10 (Facilities and Rolling Stock).
11 (M) Metrolink Capital Improvements.
12 (N) Eastside Light Rail Access.
13 (2) Upon completion of the projects and programs identified in
14 paragraph (1), any funds remaining from the bonds described in
15 paragraph (1) shall be used to accelerate the completion of the
16 following projects and programs:
17 (A) Interstate 710 North Gap Closure (tunnel).
18 (B) Interstate 605 Corridor “Hot Spot” Interchanges.
19 (C) State Highway Route 5 Carmenita Road Interchange
20 Improvement.
21 (D) State Highway Route 5 Capacity Enhancement (State
22 Highway Route 134 to State Highway Route 170, including access
23 improvement for Empire Avenue).
24 (E) State Highway Route 5 Capacity Enhancement (State
25 Highway Route 605 to the Orange County line, including
26 improvements to the Valley View Interchange).
27 (F) State Highway Route 5/State Highway Route 14 Capacity
28 Enhancement.
29 (G) Capital Project Contingency Fund.
30 (H) Countywide Soundwall Construction (MTA Regional List
31 and Monterey Park/State Highway Route 60).
32 (I) Local return for major street resurfacing, rehabilitation, and
33 reconstruction.
34 (3) Upon completion of the projects and programs identified in
35 paragraphs (1) and (2), any funds remaining from the bonds
36 described in paragraph (1) and any funds remaining from the
37 proceeds of the tax extension authorized by this section, after
38 payment of the bonded indebtedness, shall be deposited in the fund
39 described in subdivision (g) of Section 130350.5.

1 (c) Prior to submitting the ordinance described in subdivision
2 (a) to the voters, the MTA shall amend the expenditure plan
3 adopted pursuant to subdivision (f) of Section 130350.5. The
4 amended plan shall update all of the following for the projects and
5 programs listed in subdivision (b): the estimated total cost for each
6 project or program, the schedule during which the MTA anticipates
7 funds will be available for each project or program, and the
8 expected completion dates for each project or program.

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